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INFO RUEHBO/AMEMBASSY BOGOTA 6092
RUEHLP/AMEMBASSY LA PAZ 1729
RUEHPE/AMEMBASSY LIMA 9935
RUEHQ/AMEMBASSY QUITO 1801
RUEHAO/AMCONSUL CURACAO 0639
RUEHGL/AMCONSUL GUAYAQUIL 0330
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UNCLAS SECTION 01 OF 02 CARACAS 000573

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E.O. 12958: N/A

TAGS: EAIR VE

SUBJECT: CIVAIR VENEZUELA: ENGAGING WITH INAC AND VP CHIEF OF STAFF ON THREATENED FLIGHT CUTS

REF: A. SECSTATE 32811

- 1B. SECSTATE 30776
- 1C. BOWEN-DANIEL TELCON/E-MAILS

SUMMARY

11. (SBU) On March 1, EconCouns met with the President of Venezuela's National Civil Aviation Institute (INAC) to deliver talking points (Ref A), underscoring that the USG objected to the unilateral restrictions on U.S. air carrier frequencies and that we had no political agenda regarding air safety issues. The same day, the Ambassador spoke to Rene Arreaza, the Vice-President's Chief of Staff, to note our readiness to offer an accelerated FAA visit to assess their International Aviation Safety Assessment (IASA) status, but conveyed disappointment with the BRV's failure to use available mechanisms to bring this to our attention. Arreaza noted his wish to de-politicize the issue and noted that flight cancellations would take effect if Venezuela was not elevated to Category 1. Vice-President Rangel, in a media statement March 2, made the same threat. Post has been actively mediating the issue and engagement with the BRV offers promise of resolution. The ball is now in their court. End Summary.

MEETING WITH INAC

12. (SBU) On March 1, EconCouns was summoned to a meeting with INAC President, Francisco Paz Fleites. Also attending were EconOff and various MFA and INAC representatives. EconCouns delivered a non-paper with the talking points (Ref A), noting our objection to unilateral restrictions on U.S. air carrier frequencies and that we had no political agenda with regard to air safety issues. EconCouns delivered FAA contact information and urged INAC to request a date for an IASA inspection, noting the assessment was no guarantee of a return to Category 1. He also stressed we have a constructive basis to move forward.

13. (SBU) Paz agreed this was a technical issue, and noted that since the International Civil Aviation Organization (ICAO) 2004 report where the BRV was found to be in "89%

compliance" with safety standards, they had "exhausted all means of communication" with FAA in their attempts to get back to Category 1. He added that ICAO's American delegate voted against an ICAO inspection in 2005. When EconCouns noted the proposed Technical Review by the FAA in early December 2005 had offered a way forward, Paz said that the review couldn't take place because the visit contract was not something the BRV was willing to sign.

¶4. (SBU) Paz maintained that the BRV had been more respectful of the civil relationship than the USG. He said that in 1995, the FAA did not notify the BRV in writing of the decision to demote Venezuela to Category 2, while INAC had courteously informed the airlines prior to the date. (Note: INAC's notification came one business day before the Carnaval holiday and the flight cancellation deadline, and Post was never notified directly. End Note). Paz argued that moving to Cat 2 had caused a loss of 5000 plus jobs and had shut Venezuelan carriers out of the U.S. market.

¶5. (SBU) Paz said that INAC's move was not to hurt U.S. business, but to bring the Category 2 issue to the USG's attention. He emphasized that he believes the BRV has made the case for Category 1 reclassification, as they've invested considerably in the sector and made improvements even since the 2004 ICAO review. He stressed the BRV wanted fair categorization and the ability to tap on a "fairer" basis into the lucrative U.S.-Venezuela commercial aviation market.

¶6. (SBU) Paz didn't say how soon they would request the assessment but noted they'd be in touch with the FAA and Post soon. (Note: Per EconCouns tel-con with Mike Daniel, manager of FAA's International Programs and Policy Office, FAA was looking to come down April or sooner. End Note.) On March

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2, media reports quoted an unnamed source in INAC, who said that U.S. Embassy representatives promised an FAA visit by the March 30 deadline. (Note: Obviously, that's not what we said. End Note.) EconCouns told Paz that they needed to work out scheduling with FAA directly, and made no guarantee of the visit by that deadline or lifting of Venezuela to Category 1 status.

AMB - VP CHIEF OF STAFF CONVERSATION

¶7. (SBU) On March 1, just prior to the INAC meeting, the Vice-President's Chief of Staff, Rene Arreaza, called the Ambassador to discuss the airline situation. Ambassador Brownfield informed Arreaza that we disagreed with the process by which BRV brought this issue to a head, but were ready to offer them an accelerated visit by the FAA in order to assess their IASA status -- without guarantee that any particular result would be achieved. He referenced the non-paper that was delivered by EconCouns to INAC, which would offer an opportunity for INAC to contact FAA to set a date for the assessment.

¶8. (SBU) Arreaza noted that the BRV's goal was to set a date for the visit and he agreed that INAC should deal directly with FAA, but thought Post should push as well (to which the Ambassador agreed). He also noted that the issue needed to be de-politicized. He said that if no concrete date was set for an FAA visit by end of March, the BRV would probably proceed with flight terminations. Separately, on a sterner note, Vice-President Rangel publicly declared on March 2 that if the issue were not resolved, U.S. carriers would not be allowed to fly to Venezuela. The Ambassador conveyed to Arreaza his hope that this would be resolved satisfactorily through government to government consultations. He also noted that it would be annoying if, at the end of the day, the only winners in this affair were Avianca, Copa, and Taca.

COMMENT

¶9. (SBU) Both the meeting with INAC and the conversation with the VP's Chief of Staff offer promise that the situation can be resolved. Post has been actively mediating the issue, reaching out to airlines, and opening a dialogue with INAC. The ball is now in INAC's court. Post understands (Ref C) that INAC has contacted FAA's Mike Daniel to request the assessment for the week of April 17.

BROWNFIELD